CITY OF WAYZATA

PLANNING DEPARTMENT

MEMORANDUM

To:	City Council
From:	Heidi Nelson, City Manager and Bryan Gadow, City Planner
Date:	April 10, 2014
Re:	Boards and Commission Liaison Policy Discussion

Staff is seeking Council direction on defining the role of Council liaisons to the various boards and commissions. Additionally, some boards, such as the Communications Board had a formal Council representative slot included in the establishing resolution, while others like the Park and Trails Board did not formally designate a Council liaison. Staff would like Council direction on formalizing the role of Council liaisons and designation for the various boards and commissions.

City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Mayor:
Ken Willcox

City Council:
Jack Amdal
Bridget Anderson
Andrew Mullin
Tom Tanner

City Manager:
Heidi Nelson

TO: Mayor Willcox and Councilmembers
Heidi Nelson, City Manager

FROM: Kathy Ovshak, Finance Manager

DATE: April 8, 2014

RE: Salary Increase for Mayor and Council Members; PERA information and Planning Commission Pay

Attached for your review is a wage comparison with metro cities of populations of 5,000 to 10,000 and also of cities that have similar tax capacities. I've also included a scale showing how the wages would have increased given a 2% salary adjustment each year. A copy of a resolution is also included for your review if we are to go forward with the salary adjustments.

Also attached are PERA brochures. All local public officials elected to their positions by the public are eligible to participate in PERA. Participation in the plan is voluntary for each individual and there is no minimum salary requirement. Elected officials may also choose to discontinue participation at any time. This is a tax-qualified plan which can lower the maximum contributions participants can make to other deferred compensation plans and depending upon income level, eliminate the tax deductibility of contributions to a traditional IRA. You may want to consult with your tax professional on this.

I requested information from the American Planning Association of Minnesota on Minneapolis area Planning Commission pay. The information I received back from them is attached.

Council wage analysis

Mayor & Council wages have been the same since 1996: Mayor $4,500 & Council $3,000
Years 2010 & 2011 wages were decreased to: Mayor $3,150 & Council $2,000

Council Wayzata cities with population of 5,000-10,000	**$3,000** Annual wage	additional pay	**Mayor Wayzata**	**$4,500** Annual wage	additional pay
Circle Pines	$3,900			$4,500	
Corcoran	$1,200			$1,800	
Dayton	$4,800			$6,000	
Falcon Hts.	$3,400			$5,400	
Jordan	$3,600			$4,800	
Lake Elmo	$3,130			$3,915	
Mahtomedi	$3,600			$4,800	
Medina	$3,000			$4,250	
Minnetrista	$3,600			$4,800	
Mound	$3,000			$4,500	
New Prague	$3,144	$50 for sp.mtgs		$4,440	$50 for sp.mtgs
Oak Grove	$4,100	$95/mo for EDA		$4,772	$107.50/mo for EDA
Orono	$3,500			$4,200	
Shorewood	$3,000			$3,600	
Spring Lake Park	$5,787			$7,234	
St. Anthony Villag	$6,000			$7,500	
St. Francis	$3,900	$35 for sp.mtgs		$4,500	$35 for sp.mtgs
St.Paul Park	$3,800			$4,350	
Victoria	$2,400			$2,700	
Average	**$3,624**			**$4,635**	
cities with comparable tax capacities					
Champlin	$6,610			$9,550	
Brooklyn Center	$8,805			$11,500	
Hopkins	$4,600			$6,000	
New Hope	$8,050	$25 per EDA mtg.		$11,170	$25 per EDA mtg.
Ramsey	$6,000			$8,000	
Rogers	$3,600			$4,200	

	Mayor	Council		
1991	$2,240	$1,120		
1992	$3,600	$2,400		
1993	$3,600	$2,400		
1994	$3,600	$2,400		
1995	$3,600	$2,400		
		Council & Mayor wage increased 2% each year		
1996	$4,500	$3,000	$4,500	$3,000
1997	$4,500	$3,000	$4,590	$3,060
1998	$4,500	$3,000	$4,682	$3,121
1999	$4,500	$3,000	$4,775	$3,184
2000	$4,500	$3,000	$4,871	$3,247
2001	$4,500	$3,000	$4,968	$3,312
2002	$4,500	$3,000	$5,068	$3,378
2003	$4,500	$3,000	$5,169	$3,446
2004	$4,500	$3,000	$5,272	$3,515
2005	$4,500	$3,000	$5,378	$3,585
2006	$4,500	$3,000	$5,485	$3,657
2007	$4,500	$3,000	$5,595	$3,730
2008	$4,500	$3,000	$5,707	$3,805
2009	$4,500	$3,000	$5,821	$3,881
2010	$4,500	$3,000	$5,938	$3,958
2011	$4,500	$3,000	$6,056	$4,038
2012	$4,500	$3,000	$6,178	$4,118
2013	$4,500	$3,000	$6,301	$4,201
2014	$4,500	$3,000	$6,427	$4,285
2015			$6,556	$4,370

RESOLUTION NO. xx-2014

RESOLUTION ADOPTING ANNUAL SALARY FOR MAYOR AND COUNCIL MEMBERS

WHEREAS, the Mayor and Council Members shall receive compensation as is fixed by the Council in accordance with the Wayzata City Charter and Laws of Minnesota; and

WHEREAS, the City Council last set the annual salary for the Mayor and Council Members in December, 1995 at $4,500 for Mayor and $3,000 for Council Members; and

WHEREAS, it is the desire of the City Council to make an adjustment to the Mayor and Council Members salaries.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Wayzata, Minnesota that the annual salary for Mayor be set at $6,000 and each Council Member be set at $4,500 commencing January 1, 2015.

Adopted by the City Council of the City of Wayzata this 15th day of April, 2014.

_____
Mayor Kenneth Willcox

ATTEST:

_____
City Manager Heidi Nelson

ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution:

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Wayzata, Minnesota, at a duly authorized meeting held on April 15, 2014.

_____
Deputy City Clerk Becky Malone

SEAL

Purchasing Past Service

By law, the purchase of past elected service had to be initiated prior to July 1, 2011. It applies to elected officials who are members of the Defined Contribution Plan and who had service as an elected official prior to June 30, 1991, that was not covered by a retirement plan. It allows them to pay contributions on that past service and invest those contributions plus matching employer contributions in the DCP. **PERA can no longer accept requests to begin the purchase process.**

PERA computes the cost of past contributions using the PERA Coordinated (or Basic) Plan contribution rates in effect at the time the service was rendered. As part of the cost of past service, both employee and employer are charged 6 percent interest compounded annually. Interest payments on past service are invested in the employee's account along with all other contributions. If the participant chooses to pay these past contributions, the participant's employer must pay the corresponding employer matching contributions and additional contributions applicable at the time.

PERA accepts payments for past service once a year in December, unless the participant requests the ability to pay more frequently.

PERA computes the cost of PRE-1991 service using the official's history of elective salary. This salary history is to be supplied to PERA by the employer for whom the past service was rendered and may be submitted on PERA's form *Record of Annual Earnings for Elected Official*.

The Defined Contribution Plan And Taxes

Participants do not pay taxes on contributions withheld from earnings and those made on behalf of the participant by the employer. However, because the DCP is a tax-deferred program, these contributions and any account appreciation become taxable upon withdrawal, unless rolled over to another tax-qualified plan. If taken out before age 59½ and not rolled over, withdrawals are, with a few exceptions, also subject to a 10 percent tax surcharge.

Employee payments for past service are recorded in the participant's account as taxed contributions. Consequently, the participant will not have tax liability for these contributions upon withdrawal.

Because the DCP is a tax-qualified plan, enrollment may lower the maximum contribution participants can make to a deferred compensation plan and may also, depending upon income level, eliminate the tax deductibility of contributions to a traditional individual retirement account (IRA).

Administrative Charges

Two percent of the employer contributions to the DCP (2 cents for each $1.00 contributed by the employer) is used by PERA for administrative costs of the plan. In addition, 0.25 percent of the value of the participant's shares are also retained by PERA to help defray the costs of administering the plan.

This asset-based charge amounts to $2.50 for each $1,000 of the participant's account value.

Contact PERA

If you have questions about your account or PERA's Defined Contribution Plan, you can contact PERA at 651-296-7460. Outside the metro area you can reach PERA toll free, dialing 1-800-652-9026.

PERA also has a website with regular updates on share values and rates of return for the DCP investment accounts. The address is *www.mnpera.org*.

This pamphlet is meant to explain the provisions of current Minnesota Public Employees Retirement Association law as simply and accurately as possible. If there is any discrepancy between this pamphlet and the actual law, the provisions of the law will govern.

This document is available in alternative formats to individuals with disabilities by calling (651) 296-7460 or 1 800 652-9026, or through the Minnesota Relay Service at 1 800 627-3529.

Public Employees Retirement Association of Minnesota
60 Empire Drive, St. Paul MN 55103-2088
1 800 652-9026 ♦ (651) 296-7460
www.mnpera.org

December 2011

Defined Contribution Plan

A retirement program for **elected & appointed government officials**

Public Employees Retirement Association of Minnesota

DCP Defined Contribution Plan

The Defined Contribution Plan (DCP) administered by PERA is a tax-deferred retirement savings program for elected and appointed public officials, city managers, and several other specific groups of public employees in Minnesota. DCP participants determine how both employee and employer contributions are to be invested through the purchase of shares in accounts of the Minnesota Supplemental Investment Fund. Total contributions plus investment performance determine the ultimate benefit, which is paid as a lump sum upon withdrawal.

Eligibility

All local public officials elected to their positions by the public at large are eligible to participate in the plan, as are those first appointed to a board or commission of a political subdivision after June 30, 2010. Elected county sheriffs may participate only if excluded from participation in PERA's Police & Fire Plan. Officials appointed to vacant elective positions are also eligible for the plan for the remainder of the office's term. DCP is the only PERA retirement plan available to officials first elected to governing body positions (ex: city council, county board, school board, etc.) after June 30, 2002.

Participation in the plan is voluntary for each individual and there is no minimum salary requirement. Elected officials may also choose to discontinue participation at any time.

How It Works

Public officials contribute 5 percent of their elective salary and their employers contribute an identical amount. Salary includes compensation the official receives for services rendered in the elected position as well as compensation received by the official for services rendered to a board or commission not filled through election by the public at large. It does not include pay for actual or anticipated expenses.

Plan participants designate a percentage of total contributions to be placed in one or more of seven accounts of the Minnesota Supplemental Investment Fund. This investment fund is administered by the Minnesota State Board of Investment (SBI) and includes the Income Share Account, the Growth Share Account, the Common Stock Index Account, the International Share Account, the Money Market Account, the Bond Market Account, and the Fixed Interest Account. The investment goals of these accounts and the returns they have actually achieved are described in Investment Options, Minnesota Supplemental Investment Fund, published by the Minnesota State Board of Investment. This publication is posted on both PERA's and SBI's websites.

Shares belong entirely to the participant. Except for the Money Market and Fixed Interest Accounts, whose shares are always one dollar each, shares are purchased at market prices.

Interest paid by the Money Market and Fixed Interest Accounts is reinvested in additional shares of the respective accounts. Interest and dividends earned by the stocks and bonds held in the other five accounts are used to purchase additional stocks and bonds in those accounts. These purchases and the gains and losses in market value of the securities held in the accounts are reflected in the value of the accounts' shares, much like a mutual fund.

DCP participants may change their investment selections any time and may also transfer all or portions of previously purchased shares from one account to another. Some special restrictions apply, however, to transferring funds to other accounts from the Fixed Interest Account. (These restrictions are explained in the brochure Changing Investment Selections.)

DCP members receive account statements by mail once each year. They may also monitor their accounts on line any time through MY PERA at www.mnpera.org.

Benefits

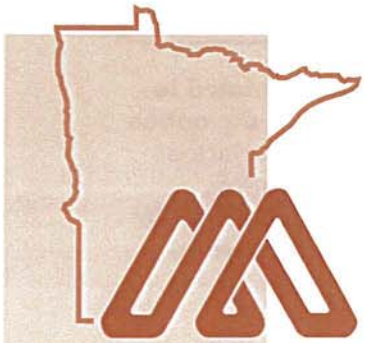
Upon termination of covered service, the DCP participant is entitled to a **lump-sum payment** of the value of shares held in the account at the time payment is issued. The final value of the account is determined by economic and market conditions. Thus, PERA and the State of Minnesota cannot guarantee that the value of an account will not decrease to a level below that originally paid for the shares.

Participants who qualify for permanent disability under Minnesota statutes governing PERA have the option of receiving monthly payments from their account instead of a lump-sum distribution. The amount of the payments must be in $100 increments and may not exceed ten times the combined employee and employer contributions for the month preceding the disability. The benefit ends when the disability status ends or when the account is depleted, whichever is sooner.

Proceeds of an account are payable 30 days or more after the date of termination of elected office, approval of disability, or death. An application for withdrawal of the funds must be filed with PERA by the member or by someone acting on the participant's behalf before payment can be made. Upon the member's death, the value of all accounts is payable, upon application, to the participant's designated beneficiaries, or, if none, to the participant's estate.

The payment may be rolled over to another tax-qualified plan or used to purchase an annuity from an insurance company. PERA will, at the direction of the participant, send the payment to an insurance company licensed to do business in Minnesota for the purpose of purchasing an annuity.

(Continued on reverse side)



Retirement Plan
Alternatives

PERA
Membership for
Elected & Appointed Government Officials

Public Employees
Retirement Association
of Minnesota

December 2011

Local elected officials in Minnesota and people appointed to elected positions or boards and commissions have the option to participate in the Public Employees Retirement Association (PERA). Eligible officials, who wish to exercise this option, must do so in writing by signing PERA's *Membership Election by Persons Holding Elective Office* form provided by the governmental subdivision or PERA.

PERA administers two retirement plans in which elected officials may choose to enroll, one of which, the Defined Contribution Plan (DCP), is open to all local elected officials. The other plan, the Coordinated Plan, (a defined benefit plan) is available to non-governing-body elected officials who earn more than $425 in a calendar month. *Non-governing-body* elected officials usually serve the public as city or township clerks, county auditors, treasurers or attorneys. Officials in non-governing-body positions may not participate in both the DCP and the Coordinated Plan for a single elected position. Elected county sheriffs can participate only if they are excluded from mandatory Police and Fire Plan coverage.

As a newly elected or appointed official, or an official who has been in office but has not yet chosen to join PERA, you have an important retirement planning decision to make. This publication will acquaint you with the eligibility requirements of the DCP and the Coordinated Plan, summarize how these plans work, and briefly point out how PERA membership could affect other retirement plan coverage under Social Security or in an Individual Retirement Account (IRA). Before making a decision about joining a PERA plan, you may want to talk with a financial advisor about the potential impact such participation could have on your income tax liabilities and future Social Security benefits.

Additional information on the two retirement plans is available at PERA's website (www.mnpera.org).

This booklet is available in alternative formats to individuals with disabilities by calling 1 800 652-9026 or through the Minnesota Relay Service at 1 800 627-3529.

Defined Contribution Plan

The Defined Contribution Plan (DCP) is a tax-deferred retirement savings program in which employee and employer contributions are deposited into a member's individual PERA account and invested as directed by the member. Participants invest by purchasing shares in accounts of the Minnesota Supplemental Investment Fund. Total contributions plus investment gains and losses in the shares the person owns determine the ultimate lump-sum payment the member should expect from PERA.

DCP Eligibility and Contributions

Membership in the Defined Contribution Plan (DCP) is voluntary and open to local elected officials and people appointed to a board or commission of a governmental subdivision, except for county sheriffs who qualify for membership in PERA's Police and Fire Plan. Officials appointed to vacant elective positions are also eligible for the remainder of the position's term. An eligible public official may exercise the option to enroll in the DCP at any time during tenure in office, but must do so in writing on PERA's form *Membership Election by Persons Holding Elective Office*.

Public officials contribute 5 percent of their position salary to the DCP and the subdivision they serve contributes an identical amount. Officials who join the DCP may choose to discontinue the membership at any time; however, a refund of the value in the account may not be taken until the official leaves office.

Investments

DCP participants designate a percentage of total contributions to be placed in one or more of seven accounts of the Minnesota Supplemental Investment Fund. The investment goals of these accounts and the returns achieved are described in *Investment Options, Minnesota Supplemental Investment Fund*, published by the Minnesota State Board of Investment.

Contributions made by the participating official and employer are combined and used to purchase shares in accounts selected by the participant. Similar to mutual funds, purchases of shares and the gains and losses in market value of the stocks and bonds held in the accounts are reflected in the value of the accounts' shares. Shares belong entirely to the elected official.

Members may change their investment selections and transfer all or portions of previously purchased shares from one account to another. However, some special restrictions apply to transferring funds to other accounts from the Fixed Interest Account.

Medicare & Social Security Withholdings for DCP Members

There are two elements of the Federal Insurance Contributions Act (FICA) about which you need

to be familiar: a 6.2 percent salary withholding commonly referred to as Social Security tax and a contribution of 1.45 percent for Medicare.

Participation in Medicare is required for all officials taking office after March 31, 1986, including those who enroll in PERA's Defined Contribution Plan. However, due to federal restrictions, a DCP participant may not contribute simultaneously to Social Security and the DCP on wages from a single position unless the Social Security participation is authorized by a "Section 218 Agreement" between Minnesota and the federal government. Your elected position could be covered by a Section 218 Agreement in one of two ways as described below.

First, if you hold a *non-governing-body* position that provides a salary of at least $425 in any month, your position is covered by the 218 Agreement established by PERA in 1968. Among other things, this agreement calls for Social Security coverage of officials who hold positions that *qualify* for coverage under the Coordinated Plan, even if the official does not choose such coverage. *Governing-body* officials elected after June 30, 2002, are excluded from joining the Coordinated Plan; therefore, they are not covered by the 218 Agreement of 1968.

Second, your position could be covered by a 218 Agreement that was enacted under Minnesota laws which became effective in 2006. Under these provisions, a single city, township, county, school, or special district may, at the option of its board or council, establish a 218 Agreement to provide Social Security participation to its current and future elected officials. Before establishing the federal-state agreement, the subdivision must provide all current elected officials—contributing into the DCP or eligible for DCP membership—the right to individually vote on whether they wish to have the 6.2 percent Social Security tax withheld from their salary. Once the 218 Agreement is approved for a subdivision, *all* future elected officials of the respective entity would pay into Social Security, including officials in positions that are excluded from PERA's Coordinated Plan and sheriffs who are DCP members.

To obtain more information about Social Security coverage under a Section 218 Agreement, please contact your payroll/personnel office or PERA's Employer Services at 651-296-3636 or 1-888-892-7372. This and other related information is available at PERA's website, *www.mnpera.org*, under the Employer section and Social Security Resources.

For retirement planning purposes, you should be aware that if you join the DCP and are not eligible to have Social Security taxes withheld from your elective salary, the lump-sum benefit you receive from PERA upon termination of service may reduce,

or in some cases eliminate, your future Social Security benefits. For details, please contact the Social Security Administration and request information on the Windfall Elimination Provision and the Government Pension Offset.

PERA DCP Benefits

Upon death or termination of public office, the DCP participant (or designated beneficiary) is entitled to a lump-sum payment from PERA of the value of the shares held. The final value of the shares is determined by economic and market conditions. Neither PERA nor the State of Minnesota can guarantee the value of an account will not decrease to a level below the original amount invested.

The proceeds of an account are payable upon application 30 days or more after the date of termination of elected service, approval of disability, or death. At the direction of the participant, the lump-sum benefit payment may be rolled over to another tax-qualified plan or sent to an insurance company licensed in Minnesota. These private-sector financial institutions normally have products that permit varying pay-out options, including annuities.

DCP participants who qualify for permanent disability under the laws governing PERA have the option to receive monthly payments from their accounts instead of a lump-sum distribution. The amount of the payments cannot exceed ten times the combined employee and employer contributions for the month preceding the disability. Further, disability payments must be in $100 increments. The benefit ends when the disability status ends or when the account is depleted.

Purchasing Past Uncovered Service

By law, the purchase of past elected service had to be initiated prior to July 1, 2011. It applies to elected officials who are current members of the Defined Contribution Plan and who had service as an elected official prior to June 30, 1991, that was not covered by a retirement plan. **PERA can no longer accept requests to begin the purchase process.**

An elected official, who has uncovered elected service before July 1, 1991, may pay contributions on that past uncovered service and invest those funds in his or her DCP account. If the participant pays past contributions, the participant's employer must pay all employer contributions applicable at the time.

Member may purchase all or a portion of past uncovered service, subject to annual contribution limits set by the Internal Revenue Service. For details on purchasing service prior to July 1, 1991, please contact the PERA Member Information Center at 651-296-7460 or 1-800-652-9026.

Taxes

The Defined Contribution Plan is qualified under Section 401(a) of the Internal Revenue Code. Thus, contributions deducted

from the official's earnings and those made by the employer are not immediately subject to income tax. Taxes on these contributions and any gains are deferred until the balance in the DCP account is withdrawn, unless rolled over directly into another tax-qualified plan. If taken out before age 59½, withdrawals are generally subject to an additional 10 percent tax surcharge, unless rolled over. Employee payments for past service are recorded in the participant's account as already-taxed contributions and will not again be subject to tax when withdrawn.

Since the DCP is a tax-qualified plan, enrollment may, depending upon income level, lower or eliminate the tax deductibility of contributions to a traditional IRA. Please consult a tax advisor for details.

Administrative Charges

PERA collects two fees to help defray the costs of administering the plan. Two percent of the employer contributions to the DCP (2 cents for each $1.00 contributed by the employer) and 0.25 percent of the value of the participant's shares are retained by PERA. This asset-based charge is annual and amounts to $2.50 for each $1,000 of the participant's account value.

Coordinated Plan

PERA's Coordinated Plan is a Defined Benefit Plan into which members contribute during their public careers and, after becoming vested in the plan, qualify for a monthly pension when they reach retirement age. The monthly benefit continues for the lifetime of the retiree and a survivor, if named.

Eligibility and Contributions

Membership in the Coordinated Plan is voluntary for those serving in *non-governing-body* positions such as county attorneys and auditors, as well as clerks or treasurers of a city, township, or county. These officials may enroll prospectively in any month in which earnings surpass $425. This election must be done in writing on PERA's *Membership Election by Persons Holding Elective Office* form. Once enrolled, the non-governing-body official may not discontinue the Coordinated Plan membership until he or she vacates office.

For 2010, Coordinated Plan members contribute 6 percent of earnings for elected service, while the governmental subdivision contributes 7 percent of salary. The employer contribution rates are to increase to 7.25 for 2011, while the member rates will be 6.25 percent.

Participation begins on the first day of the pay period in which the contributions are deducted from monthly compensation that exceeds $425, provided that the membership election form is received by PERA within 60 days of the receipt of the contributions.

Medicare & Social Security

Elected officials participating in the Coordinated Plan contribute 1.45 percent of their earnings to Medicare and 6.2 percent to Social Security under PERA's 1968 Section 218 Agreement with the federal government.

Coordinated Plan Benefits

To be eligible for a monthly retirement benefit from PERA's Coordinated Plan, the elected official member must terminate public service as defined under Minnesota Statutes § 353.01, subd. 11a and subd. 28. The amount of the monthly pension is based on years of service and the member's age and average salary over the five consecutive years when earnings were the greatest. A vested Coordinated Plan member may retire as early as age 55, but the pension will be permanently reduced for early retirement when collected before the normal retirement ages of 65 or 66.

Retiring members have the option of selecting a Single-life benefit, which is paid to the member only and ends upon his or her death. As an alternative, the retiring member may choose a Survivor Option pension that provides a lifetime benefit for a designated survivor upon the member's death in increments of 25, 50, 75 or 100 percent of the amount of the member's monthly pension. Selection of a Single-life or Survivor pension is made at the time the member makes application for a retirement benefit.

Coordinated Plan retirees also receive annual adjustments to their pensions. Increases in 2011 and succeeding years will be 1 percent until the plan achieves 90 percent funding. At that time the benefit will increase 2.5 percent per year. Should funding again fall below 90 percent, increases will revert to the 1 percent level.

The Coordinated Plan also provides disability benefits for eligible members and survivor benefits to a spouse, if the member dies before retiring. Additional information about these benefits is discussed in the PERA booklet, *Your Coordinated Plan Benefits*.

Finally, any Coordinated Plan member who terminates service and remains out of public employment may choose to take a lump-sum refund of his or her employee contributions, plus interest.

Repaying a Refund

Participants of the Coordinated Plan who previously received a refund from PERA for prior covered service (either elected or non-elected) may repay a portion or all of the refunded contributions and interest to restore past covered service. This will increase a pension at retirement.

Taxes

As participants in a qualified plan under Section 401(a) of the

Internal Revenue Code, members do not pay income taxes on their Coordinated Plan contributions when the amounts are withheld from earnings. When members retire, however, they will have a tax liability on that portion of their monthly pension representing untaxed contributions. Additionally, officials who choose a lump-sum refund of their member contributions, rather than monthly benefits upon termination of service, will pay taxes on the untaxed employee contributions unless rolled over into another tax-qualified plan. With a few exceptions, a refund of member contributions is subject to an additional 10 percent tax surcharge if taken before age 59½ and not rolled over to another plan.

Participating in the Coordinated Plan could—depending upon income level—lower or eliminate the tax deductibility of contributions to a traditional Individual Retirement Account (IRA).

You will find more information about the DCP and Coordinated Plan on the PERA website at *www.mnpera.org*. The website contains links to information about investments and their performance, as well as brochures and forms discussed in this pamphlet. Questions about the benefits you could receive from either tof these plans can be directed to PERA's Member Services phone line at 651-296-7460 or toll-free at 1-800-652-9026.

If You Do Not Choose PERA Membership

As indicated previously, no elected official is required to participate in a PERA pension plan. However, the Omnibus Budget Reconciliation Act of 1990 mandates that all individuals who are not participants of a qualifying retirement system, such as PERA's DCP or Coordinated Plans, must participate in Social Security. Therefore, elected officials who do not choose to participate in a PERA retirement plan (DCP or Coordinated, as applicable) will have the mandatory Social Security portion of FICA withheld from their elective salary. Additionally, Medicare withholding must occur for all officials taking office after March 31, 1986.

This publication is meant to explain the provisions of the Minnesota Public Employees Retirement Association law as simply and accurately as possible. If there is any discrepancy between this booklet and the actual law, the provisions of the law will govern.

Public Employees Retirement Association of Minnesota
60 Empire Drive, St. Paul MN 55103-2088
1 800 652-9026 ♦ (651) 296-7460

Planning Commission Pay

City	Payment
Maplewood	None
Lakeville	None
Hastings	None
Richfield	None
Redwing	None
Hopkins	None
Elk River	None
New Brighton	None
White Bear Lake	None
Roseville	None
New Hope	None
Northfield	None
Golden Valley	None
West St. Paul	None
Woodbury	None
Burnsville	None
Mankato	None
Chanhassen	**None**, but they buy them dinner once a year. We usually do a joint Commission tour, where the Planning Commission and Park and Rec Commission go out and tour projects. We send them off with a box lunch from Jimmy's Johns or something on that night.
St. Michael	$55 Stipend for each meeting attended for Planning Commission.
Waconia	$25 per meeting they attend.
Andover	$20 per meeting Commission member, $30 for Chair.
Maple Grove	$500 Annual stipend
Ramsey	$25.00 per meeting and $30.00 for the Chair.
Forest Lake	$25.00 per meeting
Becker	Planning Commission, EDA, and Park & Rec members receive $25 per meeting that they attend.City Council members do not receive the stipend as the meetings are included in their annual Council pay. The Chair does not receive a higher stipend than a general member.
Mendota Heights	three commissions receive $25 per meeting.
Shakopee	We pay $50 per meeting attended.
Rosemount	$35 per meeting
Shoreview	planning commission chair gets $1204 annually ($100.33 per month) and the members earn $1012 annually ($84.33 per month). There hasn't been an increase in pay since 1999 and I don't expect that there ever will be.

CITY OF WAYZATA

PLANNING DEPARTMENT

MEMORANDUM

To: City Council

From: Heidi Nelson, City Manager and Bryan Gadow, City Planner

Date: April 9, 2014

Re: Microbrewery and Taproom Discussion

In the past several years, the Minnesota legislature has enacted amendments to the liquor licensing statutes to allow for increased demand in craft beer production in local brewpubs and brewery taprooms. Following these state legislative changes, a number of communities in the metropolitan area have updated their local alcohol ordinances to permit microbreweries and taprooms, including Excelsior, Minnetonka, Hopkins, and St. Louis Park. The formal definitions of a microbrewery and taproom vary between communities, but typically limit breweries to the production of not more than 3,500 barrels of beer per year (31 gallons in a barrel). In addition, many microbreweries also incorporate the sale of portable "growlers" (64-ounce containers that meet specific packaging requirements) to consumers from the brewery facility.

Recently, staff was contacted by Bill Cavanagh and Robert Klick of Wayzata Brew Werks, LLC, who are interested in opening up a microbrewery operation in the Boatworks building this year. In order for a microbrewery/taproom to be considered in this location, a number of items would need to be considered, including: 1) A amendment to the City's liquor ordinances to permit microbreweries and taprooms within the City; and 2) a amendment to the existing PUD for the Boatworks building to allow a new microbrewery/taproom use that is not contemplated under the existing PUD. The amendment to the PUD would necessitate the review of such items as parking and noise.

Prior to staff preparing any draft ordinances on this issue, staff suggested that Mr. Cavanagh and Mr. Klick discuss their concept with the City Council to receive any informal feedback before moving ahead with any formal applications. Staff is also reviewing how off-sale growlers would be considered within communities that have a municipal liquor operation. Staff is looking for Council direction on whether to develop a draft microbrewery/taproom ordinance.

Attached to this memo is a letter and background materials from Wayzata Brew Werks, LLC and example ordinances from the cities of Excelsior, Minnetonka, and Hopkins.

Wayzata Brew Works, LLC

5108 W. 74th St., Suite 463
Edina, MN 55439-4063

March 20, 2014

Heidi Nelson, City Manager
City of Wayzata
600 East Rice St.
Wayzata, MN 55391

Re: Request to adopt city ordinance allowing micro-brewery/taprooms in Wayzata

Dear Heidi,

We are very interested in building a micro-brewery/taproom in the City of Wayzata. We have experience building one already, and for market research purposes, we have visited several vibrant micro-breweries in town, notably Steel Toe in St. Louis Park, as well as Dangerous Man, 612Brew, and Fulton Brewery in Minneapolis.

Based on our research and experience, we believe Wayzata provides an excellent location for a similar operation. We also acknowledge the City's interest in this concept expressed in the StarTribune last year. We are working on a specific location for the micro-brewery/taproom, but need to first have your City ordinances amended to permit the micro-brewery/taproom concept.

If you are open to amending your ordinance to allow a micro-brewery/taproom, we welcome the opportunity to work with you in developing the appropriate language. Several nearby communities are allowing similar ventures based on newly adopted state statues that permit micro-brewery/taprooms. I have attached examples of similar ordinances adopted by Excelsior and Minnetonka for your review.

Please let me know what else we need to do to start the process of amending the ordinance. It would be our hope to get in operation yet this summer, so moving the process forward in a timely manner is important.

Sincerely,

Wayzata Brew Works, LLC

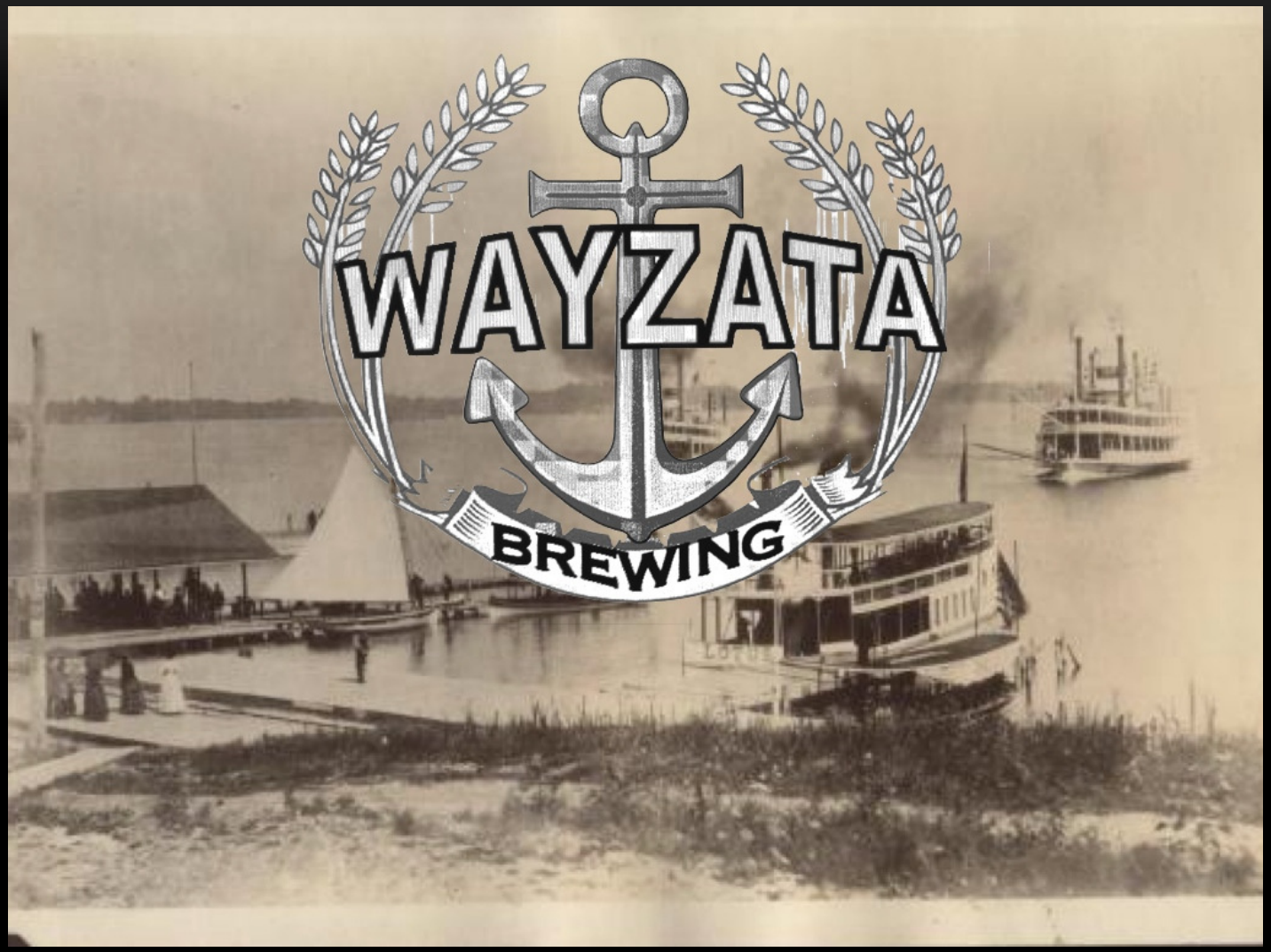
Robert Klick

Cc Ken Wilcox, Mayor

Wayzata Brew Works, LLC

Bill Cavanagh
CFO
5104 W 74th Street Suite 463
Edina MN 55439-0463
bcav2468@yahoo.com
(612) 859-3961
www.wayzatabrewwerks.com

From the Boatworks to the Brew Works!



OVERVIEW

- Delicious craft beers brewed & served overlooking scenic Lake Minnetonka

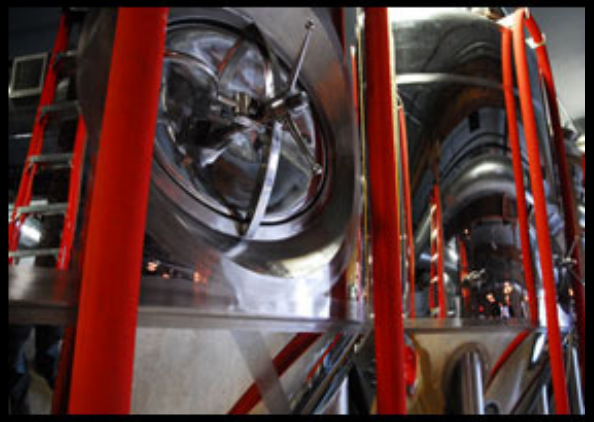
PROBLEM / OPPORTUNITY

- “Location, location, location” in need of fresh, hip draw
- Delicious, refreshing craft beers brewed & served in upscale, fun setting: lakeshore of Wayzata, USA
- Enthusiastic beer-drinkers, boaters, locals, fun-seekers looking for great taste in a fantastic location – hand crafted in historic manufacturing site

UNFAIR ADVANTAGES

- Best setting in Twin Cities metro: shores of Lake Minnetonka: Wayzata, USA
- Partnered with upscale new restaurant and building owner known for hipness and fun
- Parking lot adjacent to lake for tented party/tasting scene and entrée to charter boats loading and unloading
- Active schedule of music, new flavors, festivals to attract locals, serve residents, delight fun-seekers

Products & Services



SALES AND MARKETING

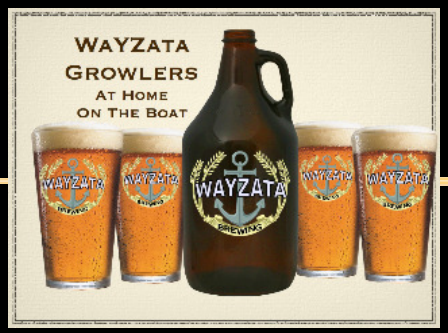
- 1,500 barrel capacity (47,250 gallons)
- Partnered with experienced master brewer
- Former brewmaster at Green Mill (St. Cloud)

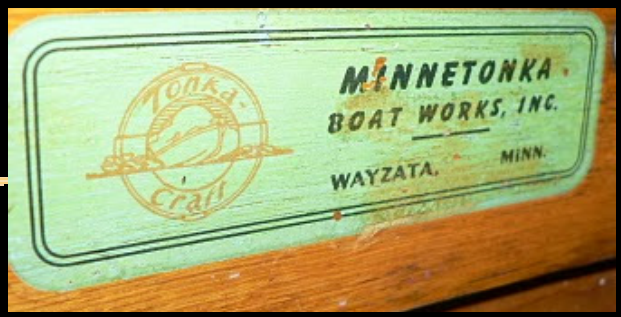
COMPETITION

	We can, it can't	It can, we can't
Excelsior Brewing	Own downtown Wayzata	Owns downtown Excelsior
Surly Brewing	Own downtown Wayzata	Widely distributed in Twin Cities metro
Badger Hill Brewing	Tap room in Wayzata	Co-op brewing sold via retail liquor stores

BUSINESS MODEL

- Location, Location, Location: On-site Brewery & Taproom
  - Scenic views of Lake Minnetonka
  - Outdoor tent for tastings, music & parties
- Craft Brewing Growing Rapidly in Minnesota & across USA
  - Minnesota production skyrocketed in 2012
    - 80 percent increase in barrels over 2011 – (second highest jump in the nation)
  - Over 50 new craft brewers now in MN
- High Gross Profit Margin for beers sold onsite (> 85%)
- Hip, fun gathering spot featuring new flavors, exciting entertainment, and unexpected delights
- Craft breweries attract highly desired, broad demographic with disposable income





TEAM

- Robert Klick, President - founder PoKnee, Oprah's "Million Dollar Idea" challenge winner, constructed Excelsior Brew house
- Jeff Gavin, Brew Master – former master brewer at Green Mill, O'Hara's Pub. Consultant to Excelsior Brewery
- Bill Cavanagh, CFO – founder Gunflint Capital, raises capital and provides liquidity to private and family businesses

Floor Plan

Expansion Fermentors
Phase 2
Brew House
Phase I
Outside
Patio
Tap Room
Outside
Patio
Remove Wall
Existing wall
Add wall
Wall
Expansion
Initial build

Scenic Wayzata, USA

City of Excelsior

Microbrewery, micro-distillery and micro-winery.

a. The brewer shall obtain a license from the commissioner of public safety to brew 15,000 barrels of malt liquor per year, obtain approval of the commissioner of public safety and be issued a license by the city for off-sale of malt liquor.

b. All conditions for a brewer off-sale malt liquor license as specified in chapter 4, article II, division 2, and section 4-72 of the Code are complied with.

c. Microbrewery, micro-distillery and micro-winery operation hours shall be limited to the hours specified in Minn. Stats. chapter 340A for off-sale intoxicating liquor unless further limited by the city council as part of the conditional use permit.

d. A microbrewery, micro-distillery and micro-winery located at the street level of Water Street shall provide at least 50 percent of the total floor space at the front one-half of the building to be used for sales, tasting, or restaurant purposes.

e. Where a microbrewery, micro-distillery and micro-winery abut residentially zoned property, a buffer yard of not less than 20 feet wide for buildings and ten feet wide for parking areas shall be landscaped and screened in compliance with article 21 of this Appendix E.

f. Vehicular access points shall create a minimum conflict with through traffic movement, shall comply with article 19 of this Appendix E, and shall be subject to the approval of the city engineer.

g. The architectural appearance, scale and functional plan of the site and building is in character with existing downtown, commercial area or neighborhood buildings, the city comprehensive plan, and the design standards.

h. All performance standards related to sec. 16-6. smoke; sec. 16-7, dust and other particulate matter; sec. 16-8, air pollution; sec. 16-9, noise; sec. 16-10, odors; sec. 16-11, vibration; sec. 16-13, waste; of this Appendix E shall be compiled with.

i. All lighting shall be designed in such a way as to have no direct source of light visible from adjacent land in residential use and shall be in compliance with section 16-5 of this Appendix E.

j. All signage shall be in conformance with article 24 of this Appendix E.

k. All parking shall be in conformance with article 19 of this Appendix E.

l. The building and site will comply with all setbacks, building heights, impervious surface and other requirements in section 45-7 of this Appendix E.

m. The development shall comply with all other conditions as set forth by the city to mitigate any undue negative influence on all surrounding residential properties.

City of Minnetonka

City Council Agenda Item #12A
Meeting of January 27, 2014

Brief Description	Ordinance amending liquor code to allow licenses for off-sale brewpubs, off-sale small brewers, and on-sale taprooms Ordinance amending the zoning code regarding microbreweries and taprooms as a conditional use
Recommendation	Introduce the ordinances; refer the zoning ordinance regarding microbreweries and taprooms to the planning commission

Background

In the past several years, the Minnesota legislature has enacted amendments to the liquor licensing statutes in order to accommodate increased demand for craft beers to be sold in brewpubs and at brewery taprooms. Since 2010, the number of microbreweries in Minnesota has increased from nine to 37. Minnetonka has one microbrewery – Lucid Brewing at 6020 Culligan Way. Lucid shares its space with two other brewers.

The state, not the city, issues licenses for breweries to allow beer production. Recently enacted amendments to the liquor laws now authorize municipalities to issue licenses to brewers for off-sale and on-sale of malt liquor, subject to specific requirements. Lucid currently holds a license that allows off-sale of "growlers" (64-ounce containers that meet specific packaging requirements). Lucid has expressed an interest in opening a taproom at its location, which would require a city license.

Liquor code ordinances

The city's liquor ordinance currently does not specifically authorize taprooms; therefore, an amendment to the ordinance is required for that purpose. (See pages A1-A4). The proposed ordinance authorizes the city to issue all three forms of licenses that have been added to the state liquor laws since 2010:

- **On-sale brewer taproom licenses as authorized by Minn. Stat. 340A.301, subd. 6b.** A licensed brewer is allowed to sell its product for consumption on the brewery premises or at a location adjacent to the brewery location. The brewer must comply with state regulations that apply to an on-sale intoxicating liquor establishment except for provisions explicitly inconsistent with the taproom licensing provision. Because the brewer must comply with on-sale intoxicating liquor regulations, this license was added only in the on-sale intoxicating liquor section of the ordinance and not in the 3.2 percent malt liquor section of the

ordinance. Under the proposed ordinance, taprooms will not be required to satisfy the city's requirement of 50 percent in food sales.

- **Off-sale small brewer licenses as authorized by Minn. Stat. 340A.301, subd. 6d**. This license type is proposed to be added in both the intoxicating and 3.2 percent malt liquor sections of the liquor ordinance. The license authorizes the brewer to sell, at off-sale, malt liquor produced and packaged at the brewery in "growlers." Growlers are half-gallon bottles of beer that you buy directly from a microbrewer or brewpub. The state law prohibits the brewer from selling more than the equivalent of 500 barrels annually at off-sale, and it sets out specific requirements for packaging the growlers.

- **Off-sale brewpub malt liquor licenses as authorized by Minn. Stat. 340A.301, subd. 7(b).** This license type is proposed to be added in both the intoxicating and 3.2 percent malt liquor sections of the liquor ordinance. The state law restricts these licenses to brewers that have both a state brewer license (for brewing onsite) and also a city-issued on-sale license (intoxicating or 3.2) for a restaurant – in other words, a brewpub restaurant. The brewpub is then allowed to obtain an additional license that allows off-sale of the malt liquor produced and packaged on the premises – again, growler packaging.

The addition of these license types will enhance the market opportunities within the city for existing and potential microbreweries and also respond to the increasing market demand for craft beer products.

Zoning code ordinances

In 2011, the city council approved a conditional use permit (CUP) to allow Lucid Brewery LLC, to operate a microbrewery and distribution center in the Culligan Industrial Park. The microbrewery was approved for operations in the I-1 District under the CUP provision, "other uses similar to those permitted in this section, as determined by the city." This provision was used as microbreweries are not a specifically listed use in the zoning code. Lucid continues to operate under that CUP.

Lucid is interested in a new component to their business, a taproom. The taproom would provide the opportunity for customers to consume beer, produced at the brewery, on-site. The current CUP ordinance does not address this type of use.

Staff has drafted an ordinance to address microbreweries and taprooms which are not currently regulated. (See pages A5-A7). The proposed ordinance includes the following:

- Creates a definition for microbrewery,
- Establishes microbreweries as a conditionally permitted use in the B-2, B-3, PID and I-1 Districts, and

- Addresses performance standards such as parking and traffic.

Microbreweries are not a new use in the city. The most similar operation was Sherlock's Home which was a "brewpub," or microbrewery with a restaurant. It operated on Red Circle Drive from approximately 1989 to 2002.

Recommendation

Staff recommends that the council introduce the attached ordinances, referring the zoning ordinance regarding microbreweries and taprooms to the planning commission. The tentative planning commission hearing date is February 27, 2014.

Submitted through:
Geralyn Barone, City Manager

Originated by:
Julie Wischnack, AICP, Community Development Director
Corrine Heine, City Attorney
Loren Gordon, AICP, City Planner

ORDINANCE NO. 2014-__

AN ORDINANCE AUTHORIZING THE ISSUANCE OF LICENSES FOR OFF-SALE BREWPUBS, OFF-SALE SMALL BREWERS, AND ON-SALE BREWER TAPROOMS; CLARIFYING FOOD REQUIREMENTS FOR RETAIL LICENSEES; AMENDING SECTIONS 600.025, 600.030, 600.035 AND 600.070 OF THE MINNETONKA CITY CODE

The City of Minnetonka Ordains:

Section 1. Section 600.025, subdivision 3 of the Minnetonka City Code, relating to places ineligible for licenses, is amended to read as follows:

> 3. No ~~"on-sale" or "on-sale wine"~~ license may be issued under sections 600.030(1), 600.035(1) or 600.035(2) of this code unless the applicant makes a bona fide estimation that at least 50 percent of the gross receipts of the establishment during its first year of business will be attributable to the sale of food.

Section 2. Section 600.030 of the Minnetonka City Code, relating to types of 3.2 malt liquor licenses, is amended by adding new paragraphs 3 and 4 as follows and renumbering subsequent paragraphs accordingly:

> 3. "Off-sale brewpub 3.2 percent malt liquor" licenses may be issued only to a brewer who holds a state license issued under Minn. Stat. § 340A.301, subd. 6, clause (d) and a city-issued on-sale 3.2 percent malt liquor license for a restaurant operated in the place of manufacture. The off-sale brewpub malt liquor license authorizes the off-sale of 3.2 percent malt liquor produced and packaged on the premises. The license is subject to the requirements of this section and Minn. Stat. § 340A.301, subd. 7(b).
>
> 4. "Off-sale small brewer 3.2 percent malt liquor" licenses may be issued only to a brewer who holds a brewer license issued by the state pursuant to Minn. Stat. § 340A.301, subd. 6, clause (c), (i) or (j). The license authorizes the brewer to sell, at off-sale, 3.2 percent malt liquor that has been produced and packaged by the brewer at its licensed premises in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The license is subject to the requirements of this section and Minn. Stat. § 304A.301, subd. 6d.

Section 3. Section 600.035 of the Minnetonka City Code, relating to types of

---

The ~~stricken~~ language is deleted; the underlined language is inserted.

intoxicating liquor licenses, is amended by adding a new paragraph 3 as follows and renumbering subsequent paragraphs accordingly:

> 3. "On-sale brewer taproom" licenses may be issued only to the holder of a brewer's license issued by the state under Minn. Stat. § 340A.301, subd. 6, clause (c), (i) or (j). The license authorizes on-sale of malt liquor produced by the brewer for consumption on the premises of or adjacent to one brewery location owned by the brewer, subject to the requirements of this section and Minn. Stat. § 340A.301, subd. 6b. All provisions of this section that apply to an on-sale intoxicating liquor license apply to an on-sale brewer taproom license unless the provision is explicitly inconsistent with Minn. Stat. § 340A.301, subd. 6b.

Section 4. Section 600.035 of the Minnetonka City Code, relating to types of intoxicating liquor licenses, is amended by adding the following new paragraphs after the existing paragraph 4, and renumbering subsequent paragraphs accordingly:

> 6. "Off-sale brewpub malt liquor" licenses may be issued only to a brewer who holds a state license issued under Minn. Stat. § 340A.301, subd. 6, clause (d) and a city-issued on-sale intoxicating liquor license for a restaurant operated in the place of manufacture. The off-sale brewpub malt liquor license authorizes the off-sale of malt liquor produced and packaged on the premises. The license is subject to the requirements of this section and Minn. Stat. § 340A.301, subd. 7(b).
>
> 7. "Off-sale small brewer malt liquor" licenses may be issued only to a brewer who holds a brewer license issued by the Minnesota commissioner of public safety pursuant to Minn. Stat. §340A.301, subd. 6, clause (c), (i) or (j). The license authorizes the brewer to sell, at off-sale, malt liquor that has been produced and packaged by the brewer at its licensed premises in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles. The license is subject to the requirements of this section and Minn. Stat. § 304A.301, subd. 6d.

Section 5. Section 600.070, subdivision 14 of the Minnetonka City Code, relating to license restrictions, is amended to read as follows:

> 14. Sale of Food. Each ~~"on-sale" and "on-sale wine"~~ licensee has the continuing obligation to have at least 50 percent of gross receipts from the establishment attributable to the sale of food during the license term. This subdivision applies

only to licensees holding licenses issued under sections 600.030(1), 600.035(1) or 600.035(2) of this code.

Section 6. A violation of this ordinance is subject to the penalties and provisions of Chapter XIII of the city code.

Section 7. This ordinance is effective 30 days after publication.

Adopted by the city council of the City of Minnetonka, Minnesota, on **

Terry Schneider, Mayor

ATTEST:

David E. Maeda, City Clerk

ACTION ON THIS ORDINANCE:

Date of introduction: *
Date of adoption: **
Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Ordinance adopted.

Date of publication:

CERTIFIED COPY:

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota, at a meeting held on **

David E. Maeda, City Clerk

ORDINANCE NO. 2014-___

AN ORDINANCE AMENDING SECTIONS 300.02, 300.18, 300.19, 300.20, 300.21, AND 300.31 OF THE CITY CODE; REQUIRING CONDITIONAL USE PERMITS FOR MICROBREWERIES IN THE B-2, B-3, PID, AND I-1 ZONING DISTRICTS

The City of Minnetonka Ordains:

Section 1. Section 300.02, relating to definitions for the zoning ordinance, is amended by adding the following subdivision and renumbering subsequent subdivisions accordingly:

93. "Microbrewery" – a facility that manufactures and distributes malt liquor or wine in total quantity not to exceed 250,000 barrels per year, which may include space dedicated as a taproom to distribute on-sale and off-sale alcohol.

Section 2. Section 300.18, subdivision 4 of the City Code, relating to conditional uses in the B-2 Limited Business District, is amended by adding the following paragraph and renumbering subsequent paragraphs accordingly:

r) microbreweries;

Section 3. Section 300.19, subdivision 4 of the City Code, relating to conditional uses in the B-3 General Business District, is amended by adding the following paragraph and renumbering subsequent paragraphs accordingly:

r) microbreweries;

Section 4. Section 300.20, subdivision 4, relating to conditional uses in the I-1 Industrial District, is amended by adding the following paragraph and renumbering subsequent paragraphs accordingly:

j) microbreweries;

Section 5. Section 300.31, subdivision 4, relating to conditional uses in the PID, Planned I-394 District, is amended by adding the following paragraph:

s) Microbreweries:

Section 6. Section 300.21, subdivision 4, relating to conditional use permit standards in the B-2, Limited Business District, is amended by adding the following paragraph:

s) Microbreweries:

1) Parking Requirements:
microbrewery: one parking space for each 1000 square feet of floor area
Tap room: one parking space for each 50 square feet of floor area

2) shall have parking and vehicular circulation in compliance with the requirements of section 300.28 of this code and which items must be adequate to accommodate the restaurant; and

3) shall only be permitted when it can be demonstrated that operation will not significantly lower the existing level of service as defined by the Institute of traffic engineers on the roadway system.

Section 7. Section 300.21, subdivision 5, relating to conditional use permit standards in the B-3, General Business District, is amended by adding the following paragraph:

s) Microbreweries: the same standards as specified in subdivision 4(s)(1) through (3), inclusive, of this section shall apply.

Section 8. Section 300.21, subdivision 6, relating to conditional use permit standards in the B-3, General Business District, is amended by adding the following paragraph:

k) Microbreweries: the same standards as specified in subdivision 4(s)(1) through (3), inclusive, of this section shall apply.

Section 9. Section 300.31, subdivision 4, relating to conditional use permit standards in the PID, Planned I-394 District, is amended by adding the following paragraph:

s) Microbreweries: the same standards as specified in subdivision 4(s)(1) through (3), inclusive, of this section shall apply.

Section 10. A violation of this ordinance is subject to the penalties and provisions of Chapter XIII of the city code.

Section 11. This ordinance is effective 30 days after publication.

Adopted by the city council of the City of Minnetonka, Minnesota, on _____.

_____
Terry Schneider, Mayor

ATTEST:

_____
David E. Maeda, City Clerk

ACTION ON THIS ORDINANCE:

Date of introduction: *
Date of adoption: **
Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Ordinance adopted.

Date of publication:

CERTIFIED COPY:

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota, at a meeting held on _____.

_____
David E. Maeda, City Clerk

July 23, 2013 Council Report 2013-063

Approve Ordinance Amending to Section 1200 of the Hopkins City Code: Sale, Consumption and Display of Alcohol Beverages

Proposed Action

Staff recommends adoption of the following motion: Move to adopt for first reading Ordinance 2013-1063, amending section 1200 of the Hopkins City Code adding an On-Sale Brewer Taproom License and Off-Sale Brewer Malt Liquor License.

Adoption of this motion will begin the process of amending Section 1200 of the Hopkins City Code to allow for an On-Sale Brewer Taproom License and Off-Sale Brewer Malt Liquor License.

Overview

Staff has received inquiries regarding the possibility for a brew pub type license in the City of Hopkins. Currently the City Code allows for eight types of liquor licenses including: on-sale, temporary on-sale, off-sale, club, on-sale wine, 3.2 % malt liquor on-sale, 3.2 % malt liquor off-sale, and Temporary 3.2% malt liquor on sale. In order to allow additional licenses, the liquor ordinance and fee schedule would need to be amended.

The City Council discussed the addition of an on-sale brewer taproom and off-sale malt liquor license at the May 14 and July 16, 2013 work sessions. Council directed staff to prepare the amendments to the liquor license ordinance to include these licenses. Also at the last work session, Council directed staff to notify the bar owners in Hopkins of the impending ordinance. Staff has sent a letter to the liquor licensees on July 18th and included a copy of the draft ordinance for their review and asked for any comments in regards to this change.

The Hopkins Planning Commission will be reviewing the City Zoning Code at the end of July in regards to the zoning for an on-sale brewer taproom license in the B2 and B3 district.

Primary Issues to Consider

- Should the Hopkins City Code Chapter 12 be amended to add an On-Sale Brewer Taproom license and Off-Sale Brewer Malt Liquor license?

Supporting Documents

- Excerpt from the Unapproved Minutes of July 16, 2013 Work Session
- Proposed Ordinance 2013-1063
- Proposed Resolution to Set Fees

Kristine A. Luedke

Kris Luedke, City Clerk

Financial Impact: $_____Budgeted: Y/N ____ Source: _____
Related Documents (CIP, ERP, etc.): _____

Background

MN Statute 340A.301 allows for Municipalities to issue, with approval of the State Alcohol and Gambling Enforcement Division, a liquor license for On-Sale Brewer Taprooms and Off-Sale Brewer Malt Liquor licenses to establishments within its jurisdiction.

The draft ordinance is in the process of final review by the City Attorney. A summary of the purposed amendments to Chapter 12 are as follows:

It will include a definition for a Brewer to read as: *A person who manufactures malt liquor for sale.*

Also, included are the following new types of liquor licenses for the City:
On-Sale Brewer Taproom License:

1. *A taproom license will be issued only to brewers that produce fewer than 3,500 barrels of malt liquor per year*. State Statute only allows growler sales at breweries that produce up to 3,500 barrels annually.
2. *The only alcoholic beverages sold or consumed on the premise of a taproom is the malt liquor produced by the brewer on the licensed premises.* This is a requirement of State Law.
3. *Hours of operation for on-sale of malt liquor at a brewer taproom shall be pursuant of section 1200.46 of the Hopkins City Code.*

Off-Sale Brewer Malt License:

1. *A brewer off-sale license will be issued to a brewer that produces fewer than 3,500 barrels of malt liquor per year.* This is a requirement of State Law.
2. *The only malt liquor sold off-sale must be produced and packaged on the license premises.* This is a requirement of State Law.
3. *Hours of operation for sale of malt liquor shall be limited to the off-sale hours of section 1200.46 subd. 5 of the Hopkins City Code.*
4. *The malt liquor sold off-sale must be removed from the licensed premises before the applicable off-sale closing time pursuant to section 1200.46 subd 5 of the Hopkins City Code.*
5. *The malt liquor shall be packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles and shall meet requirements for packaging set in the Minnesota Rules, part 7515.110.*

In recommending the annual licensing fees, staff reviewed other area cities and their fee schedules. The following cities have an on-sale taproom and/or an off-sale brewer liquor license: St. Louis Park, Brooklyn Center, Stillwater, New Ulm and Bloomington. The annual fees for the taproom licenses ranged from $400 to $600. The annual off-sale brewer license fees were consistent with the cities being set at $200. Staff is proposing the following annual fees:

- On-Sale Brewer Taproom "Brewpub" License - $ 500.00
  (If the Taproom licensee wishes to be open on Sunday, they would be required to have an on-sale Sunday license which is an additional $ 200.00 annually).
- Off-Sale Brewer Malt Liquor - $ 200.00

At the July 16th work session, Mr. Hale of LTD Brewery met with the Council and staff to discuss the option of starting a brewer taproom in the City of Hopkins. At this meeting, he presented his company's business plan and gave an overview of the brewing background that he and his business partner Mr. Verdon have. The Council has asked that Mr. Hale present the LTD Brewing business plan at the July 23 City Council Meeting.

Alternatives

1. Approve Ordinance 2013-1063 for first reading.
2. Continue the item for additional information.
3. Do neither with no action on this item.

Staff recommends alternative one.

CITY OF HOPKINS
COUNTY OF HENNEPIN

ORDINANCE NO. 2013-1063

ORDINANCE AMENDING SECTION 1200 SALE, CONSUMPTION AND DISPLAY OF ALCOHOLIC BEVERAGES OF THE HOPKINS CITY CODE TO ADD ON-SALE BREWER TAPROOM AND OFF-SALE BREWER MALT LIQUOR LICENSES

THE COUNCIL OF THE CITY OF HOPKINS HEREBY ORDAINS AS FOLLOWS:

Section 1. That Section 1200.03 Subdivision 1 is amended by adding the following:

1200.03 Licenses Required. Subdivision 1. General requirement. No person, except a wholesaler or manufacturer to the extent authorized under state license, shall directly or indirectly deal in, sell, or keep for sale in the City of Hopkins, any intoxicating liquor without a license to do so as provided in this ordinance. Liquor licenses shall be of ~~eight~~ ten kinds:

- on-sale
- temporary on-sale
- off-sale
- club
- on-sale wine
- 3.2 % malt liquor on-sale
- 3.2 % malt liquor off-sale
- temporary 3.2% malt liquor on-sale
- <u>on-sale brewer taproom</u>
- <u>off-sale brewer malt liquor</u>

Section 2. Hopkins City Code, Section 1200.22 is added to read as follows:

<u>Brewer. A person who manufactures malt liquor for sale.</u>

Section 3. Hopkins City Code, Section 1200.23 is added to read as follows:

<u>On-Sales Brewer Taproom License. Subdivision 1. A brewer who has a license from the Commissioner of Public Safety to brew up to 3,500 barrels of malt liquor per year may be issued a license by the City for on-sale of malt liquor subject to the following conditions:</u>

<u>Subd. 2. The malt liquor sold on sale for consumption must be produced by the brewer on the licensed premises.</u>

<u>Subd. 3. No other beverages containing alcohol may be sold or consumed on the licensed premises.</u>

<u>Subd. 4. Hours of operation for on-sale of malt liquor at a brewer taproom should be pursuant to section 1200.46.</u>

Section 4. Hopkins City Code, Section 1200.24 is amended to read as follows:

Off-Sale Brewer Malt License. Subdivision 1. A brewer who has a license from the Commissioner of Public Safety to brew fewer than 3,500 barrels of malt liquor per year may with the approval of the Commissioner of Public Safety be issued a license by the City for off-sale of malt liquor subject to the following conditions:

Subd. 2. The malt liquor sold off-sale must be produced and packaged on the licensed premises.

Subd. 3. Off-sale of malt liquor shall be limited to the legal hours for off-sale pursuant to section 1200.46 Subd. 5.

Subd. 4. The malt liquor sold off-sale must be removed from the licensed premises before the applicable off-sale closing time pursuant to section 1200.46 Subd 5.

Subd. 5. The malt liquor sold off-sale shall be packaged in 64-ounce containers commonly known as "growlers" or in 750 milliliter bottles and shall have the following requirements for packaging:

1. The containers or bottles shall bear a twist type closure, cork, stopper or plug.
2. At the time of sale, a paper or plastic adhesive band, strip or sleeve shall be applied to the container or bottle and extend over the top of the twist type closure, cork, stopper or plug forming a seal that must be broken upon opening of the container or bottle.
3. The adhesive band, strip or sleeve shall bear the name and address of the brewer/licensee selling the malt liquor.
4. The container or bottles shall be identified as malt liquor, contain the name of the malt liquor, bear the name and address of the brewer/licensee selling the malt liquor, and the contents in the container packaged as required herein shall be considered intoxicating liquor unless the alcohol content is labeled as otherwise in accordance with the provisions of Minnesota Rules, part 7515.1100.

Renumber section accordingly.

Section 5. The effective date of this ordinance shall be the date of publication.

First Reading:	July 23, 2013
Second Reading:	August 5, 2013
Date of Publication:	August 15, 2013
Date Ordinance Takes Effect:	August 15, 2013

By: _____
Eugene J. Maxwell, Mayor

ATTEST:

_____
Kristine A. Luedke, City Clerk

APPROVED AS TO FORM AND LEGALITY:

_____ _____
City Attorney Signature Date